International treaty examination of the Agreement between the Government of New Zealand and the Government of the Federation of St. Christopher and Nevis on the Exchange of Information with Respect to Taxes and of the Agreement between the Government of New Zealand and the Government of the Federation of St. Christopher and Nevis for the Allocation of Taxing Rights with Respect to Certain Income of Individuals and to Establish a Mutual Agreement Procedure in Respect of Transfer Pricing Adjustments

Report of the Finance and Expenditure Committee

Contents

International treaty examination of the Agreement between the Government of New Zealand and the Government of the Federation of St. Christopher and Nevis on the Exchange of Information with Respect to Taxes and of the Agreement between the Government of New Zealand and the Government of the Federation of St. Christopher and Nevis for the Allocation of Taxing Rights with Respect to Certain Income of Individuals and to Establish a Mutual Agreement Procedure in Respect of Transfer Pricing Adjustments

Recommendation

The Finance and Expenditure Committee recommends that the House take note of its report.

The Finance and Expenditure Committee has conducted an international treaty examination of the Agreement between the Government of New Zealand and the Government of the Federation of St. Christopher and Nevis on the Exchange of Information with Respect to Taxes and of the Agreement between the Government of New Zealand and the Government of the Federation of St. Christopher and Nevis for the Allocation of Taxing Rights with Respect to Certain Income of Individuals and to Establish a Mutual Agreement Procedure in Respect of Transfer Pricing Adjustments and has no matters to bring to the attention of the House.

The national interest analysis for the treaties is appended to this report.

Appendix A

Committee procedure

The committee met on 21 and 28 April 2010 to consider the agreements.

Committee members

Craig Foss (Chairperson)
Amy Adams
David Bennett
John Boscawen
Brendon Burns
Hon David Cunliffe
Aaron Gilmore
Raymond Huo
Rahui Katene
Peseta Sam Lotu-Iiga
Stuart Nash
Dr Russel Norman

Appendix B

Agreement between the Government of New Zealand and the Government of the Federation of St. Christopher and Nevis on the Exchange of Information with Respect to Taxes

Agreement between the Government of New Zealand and the Government of the Federation of St. Christopher and Nevis for the Allocation of Taxing Rights with Respect to Certain Income of Individuals and to Establish a Mutual Agreement Procedure in Respect of Transfer Pricing Adjustments

National Interest Analysis

Executive Summary

1 On 24 November 2009, New Zealand signed two tax-related agreements with St. Christopher and Nevis. The two agreements are, respectively, the Agreement Between The Government Of New Zealand And The Government Of The Federation of St. Christopher and Nevis On The Exchange Of Information With Respect To Taxes ("the TIEA") and the Agreement Between The Government Of New Zealand And The Government Of The Federation Of St. Christopher And Nevis For The Allocation Of Taxing Rights With Respect To Certain Income Of Individuals And To Establish A Mutual Agreement Procedure In Respect Of Transfer Pricing Adjustments ("the Supplementary Agreement").

2 The TIEA establishes a mechanism by which tax officials from New Zealand and St. Christopher and Nevis ("the Parties") can request information from each other (such as business books and accounts, bank information, and information on the ownership of legal entities) for the purpose of detecting and preventing tax avoidance and evasion. Access to this previously unobtainable information will enhance the Inland Revenue Department's ability to detect and prevent tax avoidance and tax evasion. Any reduction in tax avoidance or tax evasion will be beneficial to New Zealand in financial, fiscal and economic terms. New Zealand already has a network of 35 exchange of information arrangements in place through its double tax agreements ("DTAs") with key trading and investment partners. TIEAs are designed to be used to establish exchange of information arrangements with jurisdictions where DTAs may not be appropriate, such as low-tax jurisdictions. St. Christopher and Nevis is a low-tax jurisdiction, and is also an important international finance centre. New Zealand, to date, has signed a number of other TIEAs – with the Netherlands Antilles, in 2007, and with Bermuda, the British Virgin Islands, the Cayman Islands, the Cook Islands, Gibraltar, Guernsey, the Isle of Man and Jersey this year.

3 The TIEA is based on a model produced in 2002 by the Organisation for Economic Cooperation and Development ("the OECD"). The TIEA provides a comprehensive set of rules that support the exchange of information. These rules ensure that requested

information will be obtained and provided in a timely and effective manner. However, the rules also ensure that information may not be requested or used indiscriminately. Information requests may only be made in prescribed circumstances, and information received pursuant to a request may only be disclosed to authorised persons and used by those persons for authorised purposes (principally, the administration and enforcement of the domestic tax laws of the respective Party.) The text of the TIEA is attached as Annex A.

4 The Supplementary Agreement contains articles that allocate taxing rights in respect of pensions, government service and students, following the approach adopted for such articles in our DTAs. The TIEA and the Supplementary Agreement collectively constitute a "package deal". Although the TIEA applies on a reciprocal basis, the limited nature of St. Christopher and Nevis' tax system means that St Christopher and Nevis will derive little benefit from the TIEA whereas New Zealand stands to gain considerable benefit. The Supplementary Agreement was therefore offered by New Zealand to ensure that St. Christopher and Nevis also receives some benefit from entering into exchange of information arrangements with New Zealand. (It is not appropriate to enter into a full DTA with the St. Christopher and Nevis, given the mismatch in tax systems. However, the pension, government service and students articles are three DTA articles that can be agreed with St. Christopher and Nevis as they will not give rise to any significant financial, fiscal or economic costs.) The Supplementary Agreement also includes an article that will establish a "best endeavours" mutual agreement procedure that can be invoked in respect of transfer pricing adjustments. New Zealand will not gain any direct benefit from entering into the Supplementary Agreement. The Supplementary Agreement, however, supports the conclusion of the TIEA, and New Zealand will therefore benefit indirectly. The text of the Supplementary Agreement is attached as Annex B.

Date and nature of proposed binding treaty action

5 Before the TIEA and Supplementary Agreement are brought into force for New Zealand, they must first be submitted to the House of Representatives to undergo Parliamentary treaty examination, in accordance with Standing Orders 388 to 391.

6 Subsequent to satisfactory completion of the Parliamentary treaty examination process, the TIEA and Supplementary Agreement can then be incorporated into domestic legislation by Orders in Council pursuant to section BH 1 of the Income Tax Act 2007.

7 Upon the promulgation of the Orders in Council, the TIEA and Supplementary Agreement can then each be brought into force, in accordance with Article 13 of the TIEA and Article 10 of the Supplementary Agreement, through exchanges of diplomatic notes that confirm the completion of the respective constitutional and legal requirements for entry into force by each Party.

8 The TIEA and Supplementary Agreement will enter into force on completion of the exchange of diplomatic notes. New Zealand officials will manage the process to ensure that the TIEA and Supplementary Agreement enter into force on the same date. Upon entry into force, the TIEA will apply prospectively to all taxable periods beginning on or after that date (or, where there is no taxable period, to all charges to tax arising on or after that date). The Supplementary Agreement will similarly apply, in New Zealand, to income years beginning on or after 1 April following the date of entry into force.

Reasons for New Zealand taking the treaty action

The TIEA

9 New Zealand domestic law specifically prohibits Inland Revenue from divulging information it holds to foreign jurisdictions, except when authorised by a tax treaty.[1] Other countries generally follow the same principle. Therefore, to assist in the detection and prevention of tax avoidance and tax evasion, most developed countries are building networks of treaties that allow for the exchange of information on tax matters.

10 The most common type of tax treaty in which exchange of information provisions feature are DTAs. New Zealand currently has 35 DTAs in force. However, DTAs are typically only concluded between trading and investment partners with broadly similar tax systems. To cater for other situations, the OECD, in 2002, produced a model TIEA (with a comprehensive commentary) that provides solely for the exchange of information on tax matters. The OECD also, in 2000, published a list of low-tax international finance centres with which member countries are encouraged to negotiate TIEAs, based on the OECD model TIEA.[2] The 2000 list includes St. Christopher and Nevis.

11 New Zealand signed its first TIEA, with the Netherlands Antilles, on 1 March 2007. A second TIEA, with Bermuda, was signed on 16 April 2009. TIEAs have since been signed with the British Virgin Islands, the Cayman Islands, the Cook Islands, Gibraltar, Guernsey, the Isle of Man and Jersey. Each new TIEA concluded further expands New Zealand's network of exchange of information arrangements and reduces the tax evasion and avoidance options available to New Zealand residents.

12 The TIEA with St. Christopher and Nevis provides a comprehensive set of rules to support the exchange of information. These rules are designed to ensure that requested information is obtained and provided in a timely and effective manner. The TIEA, however, also ensures that information is not to be requested or used indiscriminately. Requested information must be "foreseeably relevant" to the tax affairs of a particular person or entity. (The OECD commentary clarifies that this means the Parties are not at liberty to engage in "fishing expeditions".) In addition, information received pursuant to a request may only be disclosed to authorised persons and may only be used by those persons for authorised purposes (principally, the administration and enforcement of the domestic tax laws of the respective Party).

13 Interference from bank secrecy and domestic tax interest rules is specifically prohibited as an obstacle to effective information exchange.[3] Otherwise, rights and

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1 Sections 81 and 88 of Tax Administration Act 1994 refer. The term "double tax agreement", as used in section 88, has (by virtue of its legislative definition) the same meaning as that outlined in paragraph 8 above. Section 88 is therefore also applicable to TIEAs.

2 The 2000 OECD report "Towards Global Tax Co-operation: Progress in Identifying and Eliminating Harmful Tax Practices" refers.

3 This is a key aspect of the TIEA. Access to bank information on transactions and savings assists tax administrations in determining whether a person has correctly declared their income. Bank secrecy rules prevent the disclosure of bank information, and therefore facilitate tax evasion. TIEAs override any such domestic bank secrecy rules with an explicit treaty obligation to provide bank information. Domestic Tax Interest rules prohibit a jurisdiction from complying with a request for information if that jurisdiction itself does not itself need that information for tax purposes. TIEAs therefore also override any domestic tax interest rules with an explicit treaty obligation to provide information regardless of whether or not there is a domestic interest.

safeguards secured to residents of either jurisdiction by domestic law or administrative practice remain in effect. In particular, as noted above, the Parties are required to maintain strict confidentiality in relation to any information received pursuant to a request.

14 The text of the TIEA is attached as Annex A.

The Supplementary Agreement

15 Although the TIEA applies on a reciprocal basis, St. Christopher and Nevis only has a limited tax system. St. Christopher and Nevis will therefore only rarely have any need to request information on tax matters from other countries. New Zealand, by contrast, has a comprehensive tax system and imposes income tax on the worldwide income of its tax residents. New Zealand therefore has a keen interest in ensuring that it can obtain information on the income earning activities of those tax residents in foreign jurisdictions. Accordingly, New Zealand has a much greater interest in concluding a TIEA than St. Christopher and Nevis, and can expect to derive greater benefits from the TIEA than will St. Christopher and Nevis.

16 To address this imbalance, New Zealand has adopted the approach of other OECD member countries in TIEA negotiations and offered St. Christopher and Nevis a "benefits" package. The Supplementary Agreement is a key element of that package. The Supplementary Agreement allocates taxing rights in respect of pensions, government service and students, and is based on articles that appear in New Zealand's DTAs. New Zealand also offered, as part of the Supplementary Agreement, to establish a mutual agreement procedure that can be invoked in respect of transfer pricing adjustments as part of the package.[4]

17 New Zealand generally only enters into arrangements for the allocation of taxing rights in its DTAs. However, as noted above, DTAs are typically concluded between trading and investment partners with broadly similar tax systems. In such cases the concession of taxing rights is reciprocal. That is, New Zealand may give up a taxing right but the other country will also give up a taxing right in reciprocal circumstances. In financial terms, these reciprocal reductions tend to offset each other (for example, reduced tax in the other jurisdiction generally results in a reduced foreign tax credit against the New Zealand tax base). However, given St. Christopher and Nevis' limited tax system, entering into a DTA with St. Christopher and Nevis would mean New Zealand giving up taxing rights with little if any reciprocity.

18 For this reason, New Zealand's proposal for a Supplementary Agreement was limited to those DTA articles that will not give rise to any significant financial, fiscal or economic costs. Nor will they provide a commercial advantage to individuals or entities operating in St. Christopher and Nevis. The provisions of the Supplementary Agreement are limited to the following:

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[4] Transfer pricing rules enable a tax authority to adjust profits where transactions between associated enterprises have been entered into on other than "arm's length" terms (i.e. where prices have been artificially set to derive a tax advantage).

- Pursuant to Article 5 of the Supplementary Agreement, pensions paid to an individual will be taxable only in the jurisdiction of which that individual is a tax resident. New Zealand will therefore gain a sole taxing right over the pension of any person from St. Christopher and Nevis who retires to New Zealand. However, St. Christopher and Nevis currently does not impose income tax on pensions. Therefore New Zealand will only lose taxing rights under this Article if St. Christopher and Nevis subsequently introduces an income tax on pensions.
- Pursuant to Article 6 of the Supplementary Agreement, remuneration paid by the Government of one jurisdiction to an individual in respect of services rendered to that Government will be exempt from income tax in the other jurisdiction. However, this rule does not apply if the individual is a tax resident of that other jurisdiction (unless the individual became resident solely by reason of the rendering of those services). This Article will therefore only apply when a St. Christopher and Nevis Government official comes to New Zealand in an official capacity. Such visits are likely to be minimal. In any case, New Zealand generally does not tax salaries and wages earned in New Zealand where the visit is for less than 90 days.
- Pursuant to Article 7 of the Supplementary Agreement, where a student or business apprentice who is a tax resident of one jurisdiction is temporarily present in the other jurisdiction solely for the purpose of their eduction or training, payments which they receive from outside that other jurisdiction for their maintenance, education or training will be exempt from income tax in that other jurisdiction. As New Zealand generally does not tax payments of this type, this Article will have few implications.
- Pursuant to Article 8 of the Supplementary Agreement, a mutual agreement procedure can be invoked by a resident of one jurisdiction if they consider that the other jurisdiction has made an inappropriate transfer pricing adjustment. Although the Supplementary Agreement provides that the Parties must endeavour to resolve the issue, there is no obligation on New Zealand to change its position in any case where it considers that the transfer pricing rules have been applied correctly. (This is consistent with the outcome that arises under the mutual agreement procedure of New Zealand's existing DTAs.)

19 Article 9 of the Supplementary Agreement provides that information may be exchanged for the purposes of carrying out the provisions of the Supplementary Agreement using the mechanism established by the TIEA. This is an important clarification to ensure that if the respective tax authorities need to communicate with each other for any purpose of the Supplementary Agreement, they can do so without violating their domestic secrecy laws that otherwise protects tax matters.

20 Given that the Supplementary Agreement has been negotiated primarily for the purposes of securing and supporting the TIEA, Article 10 of the Supplementary Agreement explicitly provides that the provisions of the Supplementary Agreement will only have effect while the TIEA is in force.

21 The text of the Supplementary Agreement is attached as Annex B.

Consideration of other options

22 New Zealand's objective in negotiations was to secure effective exchange of information arrangements with St. Christopher and Nevis. The only other possible treaty mechanism for entering into such arrangements with St. Christopher and Nevis would be as part of a DTA. However, DTAs are designed to be concluded between trading and investment partners with broadly similar tax systems. As noted above, the fact that DTAs allocate taxing rights means that New Zealand would stand to lose tax revenue if it were to enter into a DTA with St. Christopher and Nevis.

Advantages and disadvantages to New Zealand of the treaty action

23 The TIEA will enable New Zealand tax officials to request tax records, business books and accounts, bank information, and ownership information from St. Christopher and Nevis. Access to this previously unobtainable information will enhance the Inland Revenue Department's ability to detect and prevent tax avoidance and tax evasion. (The TIEA permits New Zealand to request information in relation to "taxes of every kind and description". Its likely principal application, however, will be in respect of income taxes.) Any reduction in tax avoidance or tax evasion will be beneficial to New Zealand in financial, fiscal and economic terms.

24 St. Christopher and Nevis is unlikely to raise many requests for information from New Zealand. If requests for information are received from St. Christopher and Nevis, New Zealand will incur administrative costs in obtaining and providing the requested information. However, streamlined and effective mechanisms for dealing with exchange of information requests have already been established in relation to New Zealand's existing DTAs and TIEAs. The administrative costs of responding to requests from St. Christopher and Nevis will therefore only be marginal. Experience gained from administering the exchange of information arrangements already in place under New Zealand's existing tax treaties indicates that the benefits arising from the enhanced ability to reduce tax avoidance and evasion outweigh any of the costs that arise.

25 New Zealand may be required to bear some costs in relation to requests for information that it makes to St. Christopher and Nevis. A supporting less-than-treaty status instrument will be agreed between the two Contracting Parties before the TIEA enters into force. The supporting less-than-treaty status instrument will set out a shared understanding of the Parties with respect to costs, as is required by Article 9 of the TIEA. The intention of the less-than-treaty status instrument is to ensure that the requested jurisdiction does not become burdened with excessive cost when complying with a request. Thus, ordinary costs of complying with a request will be borne by the requested party, but extraordinary costs (such as the cost of hiring 3rd party translators or interpreters) will be borne by the requesting party. This means that New Zealand could be required to bear some costs when making requests to the St.Christopher and Nevis, and vice versa.

26 The TIEA contains one article, Article 11, not found in the OECD model TIEA. This Article constitutes the second key element of the New Zealand benefits package. Article 11 imposes an obligation on the Parties not to impose "prejudicial or restrictive measures based on harmful tax practices" against each other. This obligation relates to the OECD Harmful Tax Practices initiative, in which the prospect of OECD member countries taking defensive measures to restrain the harmful tax practices of other countries

has previously been raised.[5] The key identifier of harmful tax practices is whether a jurisdiction engages in effective exchange of information on tax matters. Given that the TIEA provides for full exchange of information on tax matters with St. Christopher and Nevis, it would be inappropriate for New Zealand to impose any such measures on St. Christopher and Nevis while the TIEA is in force. The provision was included in recognition of this, but was expressed as a reciprocal obligation on both Parties.

27 The Supplementary Agreement was negotiated primarily for the purpose of securing a TIEA with St. Christopher and Nevis. New Zealand is not expected to derive any direct benefit from the Supplementary Agreement. The Supplementary Agreement, however, supports the conclusion of the TIEA and will indirectly benefit New Zealand by allowing for the conclusion of the TIEA. As noted above, the Supplementary Agreement is not expected to give rise to any significant negative financial, fiscal or economic implications. Any costs that do arise will be outweighed by the benefits New Zealand stands to gain from concluding the TIEA.

28 On balance, it is in New Zealand's interests to conclude the TIEA and the Supplementary Agreement with St. Christopher and Nevis.

29 If St. Christopher and Nevis ever unilaterally terminate the TIEA, the Supplementary Agreement would cease to apply. Similarly, if New Zealand ever unilaterally terminates the Supplementary Agreement, St. Christopher and Nevis could be expected to terminate the TIEA.

Obligations which will be imposed on New Zealand by the treaty action, the position of reservations to the treaty, and an outline of any dispute settlement mechanisms

The TIEA

30 The TIEA places a technical reciprocal obligation on each Party to provide, upon request, information that is relevant to the administration and enforcement of specified taxes (Article 1). In the case of St. Christopher and Nevis, the specified taxes are "all taxes imposed or administered by either State, including any taxes imposed or administered after the date of signature of the Agreement". However, as noted above, St. Christopher and Nevis currently has a very limited tax system, and so is unlikely to make many requests for information from New Zealand.

31 The Parties are required to maintain strict confidentiality in relation to any information received pursuant to a request (Article 8). Such information may only be disclosed to authorised persons and may only be used for specified purposes (principally the administration and enforcement of the domestic tax laws of the respective Party).

32 Both Parties are constrained from imposing "prejudicial or restrictive measures based on harmful tax practices". New Zealand does not currently impose any such measures and,

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5 The 1998 OECD report "Harmful Tax Competition: An Emerging Global Issue" and 2000 OECD report "Towards Global Tax Co-operation: Progress in Identifying and Eliminating Harmful Tax Practices" refer. The G20 Leaders Summit of 2 April 2009 re-raised the prospect of counter-measures against non-complying jurisdictions. The Leaders Statement from that Summit contained the statement that "we stand read y to deploy sanctions to protect our public finances and financial systems".

given that the TIEA provides for full exchange of information on tax matters with St. Christopher and Nevis, would not contemplate introducing such measures with respect to St. Christopher and Nevis while the TIEA is in force.

33 Reservations are not provided for under the TIEA.

34 Article 12 of the TIEA provides that any difficulties or doubts arising as to the interpretation or application of the TIEA are to be resolved, if possible, by mutual agreement between the competent authorities (for New Zealand, the Commissioner of Inland Revenue or his or her authorised representative; for St. Christopher and Nevis, the Financial Secretary or any person designated as competent authority by the Financial Secretary). The Parties may also decide upon other forms of dispute resolution.

The Supplementary Agreement

35 The Supplementary Agreement imposes obligations on New Zealand to limit its taxing rights in certain limited circumstances (that is, in respect of pensions, government service and students.)

36 The practical implications for New Zealand are likely to be minimal – as outlined in paragraph 18 above.

37 Reservations are not provided for under the Supplementary Agreement.

Measures the Government could or should adopt to implement the treaty action, including the specific reference to implementing the legislation

38 Subject to the successful completion of the Parliamentary treaty examination process, the TIEA and the Supplementary Agreement will be implemented into New Zealand domestic law by Orders in Council in accordance with section BH 1 of the Income Tax Act 2007. Section BH 1 authorises the giving of overriding effect to DTAs by Order in Council. That is, the Order in Council may specify that the provisions of the agreement will have effect notwithstanding any provision of the Inland Revenue Acts, the Official Information Act 1982 or the Privacy Act 1993 – although only in relation to tax matters. The override of the Acts is necessary to give effect to the terms of a TIEA, given that the TIEA requires New Zealand to provide information it holds to foreign jurisdictions which is forbidden under those Acts.

39 Despite the reference to DTAs, the agreements to which the section relates are those that have been negotiated for any one or more of the purposes listed in the section. The facilitation of exchange of information is a listed purpose. Therefore, the TIEA falls within the ambit of section BH 1. Relief from double taxation and relief from tax are also listed purposes. Therefore the Supplementary Agreement also falls within the ambit of section BH 1.

40 After the Orders in Council have entered into force, and after the supporting less-than-treaty status instrument has been finalised, New Zealand will notify St. Christopher and Nevis by diplomatic note that all of its domestic constitutional and legal procedures for entry into force of the TIEA and the Supplementary Agreement are complete. St. Christopher and Nevis will likewise notify New Zealand by diplomatic note when it has completed its domestic constitutional and legal procedures for giving effect to the TIEA

and the Supplementary Agreement. The TIEA and the Supplementary Agreement will enter into force on the date of the last notification. Their provisions of the TIEA and Supplementary Agreement will apply prospectively (for example, this means that the TIEA provisions cannot then be used to obtain information predating entry into force.)

Economic, social, cultural and environmental costs and effects of the treaty action

41 No social, cultural or environmental effects are anticipated. Any economic effects are expected to be favourable, as noted above.

The costs to New Zealand of compliance with the treaty

42 New Zealand is likely to raise more requests for information than St. Christopher and Nevis but, if requests for information are received from St. Christopher and Nevis, New Zealand will incur administrative costs in complying with those information requests. As noted above, however, streamlined and effective mechanisms for dealing with exchange of information requests have already been established in relation to New Zealand's existing DTA and TIEA network. The administrative costs of responding to requests from St. Christopher and Nevis are therefore expected to be marginal.

43 For the reasons outlined in paragraph 18 above, New Zealand is unlikely to suffer any significant revenue loss from the limitation of taxing rights under the Supplementary Agreement. Any revenue loss that is sustained would be minimal and would be compensated by favourable financial, fiscal and economic effects of the TIEA.

44 Any costs arising to Inland Revenue as a result of the operation of TIEA or the Supplementary Agreement will be met within existing baselines.

Completed or proposed consultation with the community and parties interested in the treaty action

45 The Ministry of Foreign Affairs and Trade and the Treasury have been consulted and agree with the proposed treaty actions. Further, the concept of TIEAs in general has been canvassed in published policy work programmes.

Subsequent protocols or amendments to the treaty and their likely effects

46 No future amendments are anticipated. New Zealand will consider any proposed amendments to TIEA or the Supplementary Agreement on a case by case basis, and any decision to accept an amendment would be subject to the usual domestic approvals and procedures.

Withdrawal or denunciation provision in the treaty

47 Article 14 of the TIEA provides that, after three years, either Party may terminate the TIEA by giving six months' written notice through the diplomatic channel. The Parties will remain bound by the confidentiality provisions contained in Article 8 of the TIEA even after it has been terminated.

48 Article 11 of the Supplementary Agreement provides that, after three years, either Party may, terminate the Supplementary Agreement by giving written notice through the

diplomatic channel. Such termination will become effective, for New Zealand, in the income year beginning on or after 1 April in the calendar year next following that in which the notice of termination is given. For St. Christopher and Nevis, the termination will become effective in the income year beginning on or after 1 January in the calendar year next following that in which the notice of termination is given.

49 Any decision by New Zealand to terminate TIEA or the Supplementary Agreement would be subject to the usual domestic approvals and procedures.

Adequacy statement

50 The Inland Revenue Department has prepared this extended national interest analysis and has assessed it as adequate and in accordance with the Code of Good Regulatory Practice.